

Message Text

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51

ACTION EA-10

INFO OCT-01 NEA-09 ISO-00 XMB-02 EB-07 AGR-05 USIA-06

RSC-01 /041 W

----- 024200

R 241000Z JAN 75

FM AMEMBASSY JAKARTA

TO USDOC WASHDC

INFO SECSTATE WASHDC 6285

AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

AMEMBASSY KUWAIT

AMEMBASSY MANILA

AMCONSUL SYDNEY

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DEPT PASS EXIM

STATE FOR EA/IMS GEBER

USDOC FOR BIC/OED/MEPD & OIM

HONG KONG FOR RAND

SINGAPORE FOR USRTC LEONARD

E.O. 11652: N/A

TAGS: BEXP ID

SUBJ: SUGAR MILL CONSTRUCTION

REF: A. STATE 10371 (NOTAL)

B) JAKARTA 362 (NOTAL)

C) KUWAIT 279 (NOTAL)

BEGIN UNCLASSIFIED

1. EMBASSY GREATLY APPRECIATES DETAILED INFORMATION CONTAINED
REF A AND VERY PLEASED LEARN WASHINGTON AND JAKARTA THINKING
SO CLEARLY ON SAME WAVE LENGTH. ALSO WISH COMMEND DETAILED
GROUND WORK BEING LAID FOR SURABAYA SHOW BY OIM AND MEPD UNDER
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WHAT WE RECOGNIZE ARE EXTREME TIME PRESSURES.

2. EMBOFF SPOKE JANUARY 22 WITH SATAR INFORMING HIM OF PLANNED TASK FORCE VISIT FIRST WEEK MARCH AND REQUESTING ANY ADDITIONAL INFORMATION HE HAS AT THIS POINT. HE AGAIN COMMENDED PLAN FOR SURABAYA SHOW AND INDICATED MARCH WOULD BE SOON ENOUGH FOR PROPOSAL PRESENTATION TO HIM. HE ASSURED EMBOFF THAT AT MINIMUM ONE OF SIX INITIAL PROJECTS, AND POSSIBLY OTHERS, WILL STILL BE OPEN AT THAT POINT. HE DID INDICATE HOWEVER THAT HE EXPECTS FRENCH SIGN FOR SOME OF PROJECTS BY END JANUARY. THOUGH EXACT NUMBER STILL UNCERTAIN CLEARLY FRENCH WILL NOT RPT NOT GET ALL SIX INITIAL PROJECTS. HE STATED FRENCH TERMS WILL BE 7 1/2 PERCENT INTEREST WITH REPAYMENTS BEGINNING AFTER ONE YEAR'S OPERATION. RE-PAYMENT PERIOD UP TO 10 YEARS. MINISTRY OF FINANCE AND/OR BAPPENAS STILL WORKING OUT DETAILS.

3. TASK FORCE RE EXPENSE QUESTION RAISED PARA 4 REFTTEL, SURABAYA WILL SEND BUDGET FOR SURABAYA SHOW. EMBASSY EXPECTS EXPENSES FOR JAKARTA TASK FORCE VISIT TO INCLUDE FOLLOWING: ONE RECEPTION EQUALLING ABOUT \$180 PLUS TAXI EXPENSES AT APPROXIMATE RATE \$2.50 PER HOUR PER TAXI.

3. FOR PLANNING PURPOSES IT EXTREMELY IMPORTANT THAT SURABAYA AND JAKARTA LEARN ASAP NAMES OF FIRMS BEING CONSIDERED FOR PARTICIPATION SURABAYA SHOW. NUMBER US FIRMS BASED IN REGION AND IN US HAVE EXPRESSED THEIR INTEREST IN INDONESIAN SUGAR DEVELOPMENT; WE THEREFORE SUGGEST USDOC POLL OTHER SE ASIA POSTS TO DETERMINE POSSIBLE REGIONALLY BASED PARTICIPANTS IN SURABAYA SHOW. ALSO SUGGEST CONTACTING FOLLOWING FIRMS DIRECTLY WHO HAVE PREVIOUSLY BEEN IN TOUCH WITH EMBASSY:

AMFAC, INC 700 BISHOP STREET, HONOLULU, HA. 96813;
PACIFIC RESOURCES, INC., PO BOX 3379, HONOLULU HA 96801--
ALSO BREWER/HAWAIIAN AGRONOMICS; INTERNATIONAL SYSTEMS &
CONTROLS CORP 2727 ALLEN PARKWAY, HOUSTON, TEXAS 77019; ENVIROTECH
ASIA-PACIFIC, 1 FREDERICK ST., ARTARMON, PO BOX 221, NSW
2064, AUSTRALIA; GENERAL ELECTRIC ASIA COMPANY, SUITE 104,
CATHAY, BUILDING, MOUNT SOPHIA, SINGAPORE 9; PROCON, JAKARTA
BECHTEL, JAKARTA; KAISER ENGINEERS, SYDNEY; RALPH M. PARSONS,
SINGAPORE.

4. POST REQUESTS FOLLOWING ASAP RE SHOW MECHANICS: (A) CON-
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FIRMATION DATES SPECIFIED REF B, PARA 9. (B) NAME OF USDOC PROJECT OFFICER FOR SUGAR DUEL PURPOSE TASK FORCE (CUNNINGHAM IS EMBASSY PROJECT OFFICER). (C) PLEASE INFO USRTC SINGAPORE ALL FUTURE COMMUNICATIONS AND AUTHORIZE USRTC SUPPORT FOR SURABAYA SHOW.

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5. EMBOFF ASKED SATAR FOR ANY AVAILABLE INFO FROM TATE LYLE STUDY PER REF A PARA 7. SATAR REPLIED HE HAS NOT RPT NOT RECEIVED SUCH INFORMATION AND HE HIGHLY SUSPICIOUS THAT TATE LYLE WITHOLD-ING SAME FOR THEIR OWN PURPOSES. SATAR ANNOYED THAT NUMBER PRIVATE SUGAR PROPOSALS RECENTLY PRESENTED, APPARENTLY WITH TATE LYLE BEHIND THEM DRAWING STUDY DATA. MEANWHILE TATE LYLE UNRESPONSIVE TO SATAR REQUESTS FOR STUDY INFO SATAR COMMENTED THAT IF TATE LYLE THINK THEY CAN SEW UP ALL PRIME SITES FOR SELVES, THEY OUGHT REMEMBER HE HAS TO APPROVE SUCH PROJECTS. HE ADDED THAT THEY WILL HAVE TO PRODUCE STUDY BY MARCH OR APRIL BUT HE HOPES FIND WAY FORCE THEM DELIVER SOME INFO PRIOR THAT TIME.

6. EMBASSY LEARNED INDEPENDENTLY, THAT BKUPNP HAS INVITED FOLLOWING FOREIGN FIRMS BID ON INITIAL SIX SUGAR PROJECTS (MAY BE OTHERS): BUDHAN WOLF (FRG), BMA (FRG), A.W. SMITH (UK), STARK WERSPON SUGAR (NETHERLANDS), FIRE LILLE CAIL (FRANCE).

7. RE REF C, SATAR INDICATED SO FAR BKUPNP HAS NOT RPT NOT BEEN ALLOWED CONSIDER JOINT VENTURES WITH PRIVATE FIRMS. HE ADDED THIS POLICY IS CONTROLLED BY FINANCE MINISTRY AND HE UNSURE WHETHER MINISTRY OF FINANCE WILL CONTINUE POLICY OF 100 PCNT OWNERSHIP IN FUTURE. EMBASSY WILL EXPLORE FURTHER WITH FINANCE MINISTRY.

8. ON JANUARY 24 EMBOFF LEARNED FROM WELL PLACED PRIVATE SECTOR SOURCE WITH LONG TERM INTERESTS IN INDONESIAN SUGAR INDUSTRY THAT FRENCH FINANCING PROPOSAL IN ADDITION TO COFACE GUARANTEES COVERS OFFER FROM THREE FRENCH BANKS OF FICE PERCENT DOWN PAYMENT, TEN PERCENT AT TIME OF SHIPMENT, EIGHTY-FIVE PERCENT REMAINING TO BE PAID OVER SEVEN YEARS FROM DATE OF PLANT COMMISSIONING, INTEREST RATE SEVEN AND HALF PERCENT ON OUTSTANDING BALANCES AND ONE AND HALF PERCENT SERVICE CHARGE ON TOTAL AMOUNT OF LOAN. LIMITED OFFICIAL USE

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SOURCE INDICATED THAT IT LIKELY THREE OF MILL PROJECTS WILL BE SIGNED WITH FRENCH AND UK (WHO HAVE OFFERED TWENTY MILLION POUND STERLING ECGD FINANCING PACKAGE) FRT, AUSTRALIAN, DUTCH AND BELGIAN FIRMS ARE ALL SEEKING REMAINDER. HE WAS NOT AWARE OF US FIRMS' INTEREST AND EFFORTS. NEWSOM

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